

Alma Public Schools

Alma, Michigan

**Annual Financial Statements
and
Auditors' Report**

June 30, 2005

Table of Contents

<u>Section</u>		<u>Page</u>
1	Members of the Board of Education and Administration	1 – 1
2	Independent Auditors' Report	2 – 1
3	Administration 's Discussion and Analysis	3 – 1
4	Basic Financial Statements	
	District-wide Financial Statements	
	Statement of Net Assets	4 – 1
	Statement of Activities	4 – 4
	Fund Financial Statements	
	Governmental Funds	
	Balance Sheet	4 – 5
	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	4 – 6
	Statement of Revenues, Expenditures and Changes in Fund Balances	4 – 7
	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	4 – 8
	Fiduciary Funds	
	Statement of Fiduciary Net Assets	4 – 9
	Statement of Fiduciary Activities	4 – 10
	Notes to Financial Statements	4 – 11
5	Required Supplemental Information	
	Budgetary Comparison Schedule – General Fund	5 – 1

<u>Section</u>	<u>Page</u>
6	Other Supplemental Information
Combining Balance Sheet – Nonmajor Governmental Funds	6 – 1
Combining Statement of Revenue, Expenditures and Changes In Fund Balance – Nonmajor Governmental Funds	6 – 2
General Fund	
Comparative Balance Sheet	6 – 3
Comparative Statement of Revenues – Budget and Actual	6 – 4
Comparative Statement of Expenditures	6 – 6
Special Revenue Funds	
Combining Balance Sheet	6 – 13
Combining Statement of Revenues, Expenditures And Changes in Fund Balance - Budget to Actual	6 – 14
Debt Service Funds	
Balance Sheet	6 – 15
Statement of Revenues, Expenditures And Changes in Fund Balance	6 – 16
Capital Projects Funds	
Balance Sheet	6 – 17
Statement of Revenues, Expenditures And Changes in Fund Balance	6 – 18
Trust and Agency Funds	
Combining Balance Sheet	6 – 19
Private Purpose Trust Funds – Combining Statement of Revenues, Expenses and Changes if Fund Balance	6 – 20
Agency Funds – Changes in Amounts Due to Student Groups	6 – 21
Schedules of Bonded Indebtedness	6 – 24
7	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
	7 – 1

Alma Public Schools
Alma, Michigan
Members of the Board of Education and Administration
June 30, 2005

Members of the Board of Education

ART MCCLINTIC	PRESIDENT
ANTHONY COSTANZO	VICE-PRESIDENT
MARCIA HUNTOON	SECRETARY
DENNIS GARDNER	TREASURER
STEVE BLOCK	TRUSTEE
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Administration

DON PAVLIK	SUPERINTENDENT
MARK JACOBS	DIRECTOR OF FINANCE



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Independent Auditors' Report

To the Board of Education
Alma Public Schools
Alma, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Alma Public Schools as of and for the year ended June 30, 2005, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Alma Public Schools' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Alma Public Schools as of June 30, 2005 and the respective changes in financial position, thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 15, 2005 on our consideration of the Alma Public School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The administration's discussion and analysis and budgetary comparison information identified in the table of contents are not a required part of the basic financial statements but are supplemental information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Alma Public Schools' basic financial statements. The accompanying other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Yeo & Yeo, P.C.

Alma, Michigan
August 15, 2005

Alma Public School District Administration's Discussion and Analysis

This section of the Alma Public School District annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2005. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Alma Public School District financially as a whole. The *Government-wide Financial Statements* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant fund – the General Fund, along with the 2003 Capital Projects Fund which is reported as a major fund, with all other funds presented in one column as non-major funds. The remaining statement, the statement of fiduciary net assets, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. The annual report is arranged as follows:

Administration's Discussion and Analysis (AD&A)
(Required Supplemental Information)

Basic Financial Statements

District-wide Financial Statements

Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplemental Information)
Budgetary Information for General Fund

Other Supplementary Information

Alma Public School District

Administration 's Discussion and Analysis (continued)

Reporting the School District as a Whole – Government -wide Financial Statements

The statement of net assets and the statement of activities, which appear first in the School District's financial statements, report information about the School District as a whole using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The statement of net assets includes all of the School District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

These two statements report the School District's net assets and how they have changed. Net assets – the difference between assets and liabilities, as reported in the statement of net assets – is one way to measure the School District's financial health, or position. Over time, increases or decreases in the School District's net assets – as reported in the statement of activities – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the School District.

The statement of net assets and statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted State aid (foundation allowance revenue), and State and federal grants finance most of these activities.

Reporting the School District's Most Significant Funds – Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds – not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service and Athletics Funds are examples) or to show that it's meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

Governmental funds – All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides.

Alma Public School District

Administration 's Discussion and Analysis (continued)

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in a reconciliation.

The School District as Trustee – Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its student activity funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net assets. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Alma Public School District
Administrati on's Discussion and Analysis (continued)

The School District as a Whole

Net Assets

The district's combined net assets are reflected in Table 1. The decline in current assets is related to spending bond proceeds on voter approved building improvements and new construction. This 24.2 million project started in the spring of 2004 and will continue through 2006. The construction to date is reflected in the increase in property and equipment, and net assets invested in property and equipment. The decrease in total net assets is discussed in conjunction with Table 2.

TABLE 1	Governmental <u>Activities</u>	
	<u>2005</u>	<u>2004</u>
Assets		
Current and other assets	\$ 23,378,000	\$28,728,000
Property and equipment	<u>21,459,000</u>	<u>17,803,000</u>
Total assets	<u>44,837,000</u>	<u>46,531,000</u>
Liabilities		
Current liabilities	5,556,000	5,650,000
Long-term liabilities	<u>29,491,000</u>	<u>30,315,000</u>
Total liabilities	<u>35,047,000</u>	<u>35,965,000</u>
Net Assets		
Invested in property and equipment – Net of related debt	9,074,000	8,675,000
Restricted	72,000	356,000
Unrestricted	<u>644,000</u>	<u>1,535,000</u>
Total net assets	<u>\$9,790,000</u>	<u>\$10,566,000</u>

Alma Public School District

Administration 's Discussi on and Analysis (continued)

The School District's net assets were \$9,790,000 at June 30, 2005. Capital assets, net of related debt totaling \$9,074,000 compares the original cost, less depreciation of the School District's capital assets to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net assets are reported separately to show legal constraints from enabling legislation that limit the School District's ability to use those net assets for day-to-day operations. These restricted assets were utilized this year to build classrooms in addition to those built with bond funds. The remaining amount of net assets of \$644,000 was unrestricted.

The \$644,000 in unrestricted net assets of governmental activities represents the *accumulated* results of all past years' operations. The unrestricted net assets balance enables the School District to meet working capital and cash flow requirements as well as provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the School District as a whole are reported in the statement of activities (see Table 2), which shows the changes in net assets for fiscal year 2005.

Alma Public School District
Administration 's Discussion and Analysis (continued)

TABLE 2

	Governmental Activities	
	<u>2005</u>	<u>2004</u>
Revenue		
Program revenue:		
Charges for services	\$952,000	\$679,000
Federal grants and entitlements	4,218,000	4,585,000
Capital grants and contributions	263,000	350,000
General revenue:		
Property taxes	3,744,000	2,403,000
State foundation allowance	14,183,000	14,419,000
Other	<u>861,000</u>	<u>582,000</u>
Total revenue	<u>\$24,221,000</u>	<u>\$23,018,000</u>
Functions/Professional Expenses		
Instruction	\$12,542,000	\$12,205,000
Support services	7,173,000	7,142,000
Food services	757,000	742,000
Athletics	597,000	537,000
Community services	303,000	340,000
Intergovernmental payments	475,000	351,000
Interest on long-term debt	1,332,000	992,000
Capital Outlay (noncapitalized)	975,000	783,000
Other transactions	285,000	285,000
Depreciation (unallocated)	<u>558,000</u>	<u>460,000</u>
Total expenses	<u>24,997,000</u>	<u>23,837,000</u>
Increase (Decrease) in Net Assets	<u>\$ (776,000)</u>	<u>\$(819,000)</u>

Alma Public School District

Administration 's Discussion and Analysis (continued)

Revenues for the district's governmental activities increased 5.2% while total expenses increased 4.9%. The additional property tax revenue resulting from an increased debt millage and an increase in interest earned on bond proceeds offset a decrease in State and Federal revenue. The increase in expense results from additional interest on the new bond debt, an increase in intergovernmental payments and payroll and fringe benefit increases driven by health insurance premiums.

The School District experienced a decrease in net assets of \$776,000. This decrease, similar to last year, indicates a negative trend reflecting the State's inability to increase funding to school districts. In fact funding levels to the district have increased an average of 1.0% over the last 3 years. The District also experienced increases in salary and benefit costs in our primary services of Instruction and Support. These increasing costs will require additional revenue or an adjustment in service levels in the near future.

Since property taxes for operations and unrestricted State aid constitute the vast majority of School District operating revenue sources, the Board of Education and Administration must annually evaluate the needs of the School District and balance those needs with State-prescribed available unrestricted resources.

The School District's Funds

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$19,244,000, which is a decrease of \$5,195,000 from last year. Of this decrease \$4,100,000 was attributable to the 2003 Capital Project Fund, which accounts for the 2003 bond proceeds.

In the General Fund, our principal operating fund, the fund balance decreased \$550,000 to \$1,985,000. The unrestricted portion of the fund balance actually decreased \$204,000 to \$1,881,000, or approximately 8.8% of budgeted expenses.

The General Fund balance is available to fund costs related to allowable school operating purposes.

Our Special Revenue Funds fund balance was stable for the year. These funds are supported by General Fund transfers to cover any deficits and are maintained at minimal levels.

The Debt Service Funds fund balance had a net decrease of \$54,000. This was a planned use of available resources. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Debt Service Fund balances are reserved since they can only be used to pay debt service obligations. Millage rates were set at 7.0 mills for 2005 to fund debt service on the 2003 Capital Bonds.

Alma Public School District

Administration 's Discussion and Analysis (continued)

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was actually adopted just before year-end. (A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary information of these financial statements).

Changes to the General Fund original budget were as follows:

Budgeted revenues increased \$101,000 which is a 0.5% increase compared to the original budget. The net increase was due to additional Federal grant and interdistrict revenue approved during the year. This offset the decrease in State categorical funds and local revenue adjustments.

Budgeted expenditures increased \$1,000,000 which is a 4.9% increase compared to the original budget. The changes were due to the increase in expenditures related to employee contract settlements reached after adoption of the original budget and additional capital improvements planned after the original budget adoption.

Actual revenues were \$20,000 less than the final budgeted amounts, which is a 0.1% decrease over the final budgeted amount. This decrease was mostly due to federal revenue for counseling grants, which were unspent. The overall difference was not significant.

Actual expenditures were \$89,000 less than the final budgeted amounts, which is a 0.4% decrease. This decrease was attributable to Federal grant funds that were budgeted but not spent at year-end. Also actual expenditures were generally lower than anticipated across most budget functions. This overall difference was not significant.

Alma Public School District
Administration's Discussion and Analysis (continued)

Capital Assets and Debt Administration

Capital Assets

At June 30, 2005, the School District had \$37,184,000 invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of approximately \$4,529,000, or 13.9 percent, from last year.

	June 30, 2005	June 30, 2004
Assets not being depreciated – Land	\$723,000	\$723,000
Building and building improvements	26,279,000	20,779,000
Construction in progress	1,074,000	2,207,000
Furniture and equipment	7,773,000	7,526,000
Buses and other vehicles	<u>1,335,000</u>	<u>1,420,000</u>
Total capital assets	37,184,000	32,655,000
Less accumulated depreciation	<u>(15,724,000)</u>	<u>(14,852,000)</u>
Net capital assets	<u>\$21,460,000</u>	<u>\$17,803,000</u>

This year's additions of \$6,878,000 included primarily building additions and renovations and site improvements funded by 2003 Building and Site bond proceeds. The other additions included equipment, technology, furniture and renovations funded from grants and general revenues.

Alma Public School District
Administration 's Discussion and Analysis (continued)

Debt

At the end of this year the School District's General Obligation Bonds outstanding decreased \$1,025,000 due to scheduled principal payments.

	June 30, 2005	June 30, 2004
2000 Energy Bonds	930,000	990,000
2000 Refunding Bonds	4,200,000	4,620,000
2003 Building & Site Bond	<u>23,463,000</u>	<u>24,002,000</u>
	<u>\$28,593,000</u>	<u>\$29,612,000</u>

Other obligations include capital leases and contracts payable as well as accrued compensated absences. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2006 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2006 fiscal year is 25 percent and 75 percent of the February 2005 and September 2005 student counts, respectively. The 2006 budget was adopted in June 2005, based on an estimate of students that will be enrolled in September 2005. Approximately 69 percent of total General Fund revenue is from the foundation allowance. Under State law, the School District cannot assess additional property tax revenue for general operations. As a result, School District funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2006 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2006 budget. Once the final student count and related per pupil funding is validated, State law requires the School District to amend the budget if actual School District resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The State periodically holds a revenue-estimating conference to estimate revenues. The State foundation amount per pupil has not increased in the last three years. This has put a strain on budgets due to increasing employee benefit costs and mandated retirement contributions increases.

During the 2004-2005 fiscal year, the School District had unsettled labor contracts with the teachers and support staff. The financial impact on operations of settling these contracts is unknown, but can be expected to put additional pressures on limited resources.

Alma Public School District
Administration 's Discussion and Analysis (continued)

Contacting the School District's Financial Management

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Department at 1500 North Pine Avenue, Alma, Michigan 48801.

Alma Public Schools
Statement of Net Assets
June 30, 2005

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash	\$ 1,285,664
Investments	18,585,738
Accounts receivable	272,248
Due from other funds	32,436
Due from other governmental units	3,107,921
Inventory	72,564
Prepays	<u>21,307</u>
Total current assets	<u>23,377,878</u>
Noncurrent assets	
Capital assets	
Land	723,068
Buildings and additions	25,680,999
Construction in progress	1,074,316
Site improvements	596,906
Equipment and furniture	7,773,061
Buses and other vehicles	1,335,166
Less: accumulated depreciation	<u>(15,724,003)</u>
Total noncurrent assets	<u>21,459,513</u>
Total assets	<u>\$ 44,837,391</u>

See Accompanying Notes to Financial Statements

Alma Public Schools
Statement of Net Assets
June 30, 2005

	<u>Governmental Activities</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 42,136
Accrued interest on short-term note	25,679
State aid anticipation note	1,500,000
Due to other funds	26,406
Due to other governmental funds	86,290
2000 Building and site bonds payable - current	460,000
2003 Building and site bonds payable - current	560,000
Energy and conservation bonds payable - current	70,000
IPA network equipment payable - current	7,861
IPA cabling payable - current	15,914
IIPA 66 acres payable - current	29,559
Capital lease - current	34,655
Durant payable - current	16,805
Payroll deductions, withholdings, and payroll related accrued liabilities	851,905
Accrued interest	227,515
Accrued salaries payable	1,249,211
Deferred revenue	<u>351,945</u>
Total current liabilities	<u>5,555,881</u>

See Accompanying Notes to Financial Statements

Alma Public Schools
Statement of Net Assets
June 30, 2005

	<u>Governmental Activities</u>
Noncurrent liabilities	
Compensated absences payable	1,094,877
2000 Building and site bonds payable - long-term	3,740,000
2003 Building and site bonds payable - long-term	22,903,030
Energy and conservation bonds payable - long-term	860,000
IPA cabling payable - long-term	71,695
IIPA 66 acres payable - long-term	266,728
Capital lease - long-term	75,089
Durant payable - long-term	205,005
School bond loan	<u>275,000</u>
Total noncurrent liabilities	<u>29,491,424</u>
Total liabilities	<u>35,047,305</u>
Net Assets	
Invested in capital assets, net of related debt	9,074,163
Restricted for:	
Contributions	21,029
Debt service	50,704
Unrestricted	<u>644,190</u>
Total net assets	<u>\$ 9,790,086</u>

Alma Public Schools
Statement of Activities
Year Ended June 30, 2005

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
	Expenses		Capital Grants and Contributions	
Functions/Programs				
Governmental activities				
Instruction	\$ 12,541,734	\$ 321,604	\$ 3,315,284	\$ -
Supporting services	7,172,966	41,243	463,744	-
Food services	756,974	285,264	422,700	-
Athletics	597,155	130,562	2,024	-
Community services	302,492	172,846	14,360	-
Intergovernmental payments	474,595	-	-	-
Interest on long-term debt	1,332,420	-	-	-
Other	285,146	-	-	-
Capital outlay (noncapitalized)	974,728	-	-	262,955
Depreciation - unallocated	558,308	-	-	-
Total governmental activities	<u>\$ 24,996,518</u>	<u>\$ 951,519</u>	<u>\$ 4,218,112</u>	<u>\$ 262,955</u>
				(19,563,932)
General revenues				
Property taxes, levied for general purposes				1,850,913
Property taxes, levied for debt service				1,893,143
State aid - unrestricted				14,182,554
Interest and investment earnings				746,228
Rental income				98,956
Other				16,489
Total general revenues				<u>18,788,283</u>
Change in net assets				(775,649)
Net assets - beginning				<u>10,565,735</u>
Net assets - ending				<u>\$ 9,790,086</u>

Alma Public Schools
Balance Sheet - Governmental Funds
June 30, 2005

	General Fund	2003 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 1,219,081	\$ -	\$ 66,583	\$ 1,285,664
Investments	1,381,621	17,204,117	-	18,585,738
Accounts receivable	269,497	-	2,751	272,248
Due from other funds	29,275	1,874	1,287	32,436
Due from other governmental units	3,107,921	-	-	3,107,921
Inventory	64,034	-	8,530	72,564
Prepaid expenditures	18,815	-	2,492	21,307
	<u>\$ 6,090,244</u>	<u>\$ 17,205,991</u>	<u>\$ 81,643</u>	<u>\$ 23,377,878</u>
Total assets				
Liabilities and Fund Balance				
Liabilities				
Accounts payable	\$ 40,400	\$ -	\$ 1,736	\$ 42,136
Accrued interest on short term note	25,679	-	-	25,679
Short term note	1,500,000	-	-	1,500,000
Due to other funds	-	-	26,406	26,406
Due to other governmental units	86,290	-	-	86,290
Payroll deductions and withholdings and payroll related accrued liabilities	851,905	-	-	851,905
Accrued salaries payable	1,249,211	-	-	1,249,211
Deferred revenue	351,945	-	-	351,945
	<u>4,105,430</u>	<u>-</u>	<u>28,142</u>	<u>4,133,572</u>
Total liabilities				
Fund Balance				
Reserved for prepaids and inventory	82,849	-	11,022	93,871
Reserved for contributions	21,029	-	-	21,029
Reserved for debt service	-	-	50,704	50,704
Reserved for capital projects	-	17,205,991	-	17,205,991
Other undesignated (deficit)	1,880,936	-	(8,225)	1,872,711
	<u>1,984,814</u>	<u>17,205,991</u>	<u>53,501</u>	<u>19,244,306</u>
Total fund balance				
Total liabilities and fund balance	<u>\$ 6,090,244</u>	<u>\$ 17,205,991</u>	<u>\$ 81,643</u>	<u>\$ 23,377,878</u>

See Accompanying Notes to Financial Statements

Alma Public Schools
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2005

Total fund balances for governmental funds \$ 19,244,306

Total net assets reported for governmental activities in the statement of net assets is different because:

Assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Those assets consist of:

Land	\$ 723,068	
Buildings and additions	25,680,999	
Construction in progress	1,074,316	
Site improvements	596,906	
Equipment and furniture	7,773,061	
Buses and other vehicles	1,335,166	
Less: accumulated depreciation	<u>(15,724,003)</u>	21,459,513

Long-term liabilities applicable to the School District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Current-term liabilities balances as of June 30, 2005 are as follows:

Building and site bonds payable	(460,000)	
2003 Building and site bonds payable	(560,000)	
Energy and conservation bonds payable	(70,000)	
IPA network equipment payable	(7,861)	
IPA cabling payable	(15,914)	
IPA 66 acres payable	(29,559)	
Capital lease payable	(34,655)	
Durant payable	(16,805)	
Accrued interest payable	<u>(227,515)</u>	(1,422,309)

Long-term liabilities applicable to the School District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Long-term liabilities balances as of June 30, 2005 are as follows:

Compensated absences payable	(1,094,877)	
Building and site bonds payable	(3,740,000)	
2003 Building and site bonds payable	(22,903,030)	
Energy and conservation bonds payable	(860,000)	
IPA cabling payable	(71,695)	
IPA 66 acres payable	(266,728)	
Capital lease payable	(75,089)	
Durant payable	(205,005)	
School bond loan	<u>(275,000)</u>	(29,491,424)

Net assets of governmental activities \$ 9,790,086

Alma Public Schools
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2005

	General Fund	2003 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Local sources	\$ 2,137,727	\$ 706,559	\$ 2,437,573	\$ 5,281,859
State sources	15,969,421	-	55,990	16,025,411
Federal sources	1,351,543	-	366,710	1,718,253
Interdistrict sources	1,195,346	-	-	1,195,346
Total revenues	<u>20,654,037</u>	<u>706,559</u>	<u>2,860,273</u>	<u>24,220,869</u>
Expenditures				
Current				
Education				
Instruction	12,143,855	-	-	12,143,855
Supporting services	7,050,519	-	-	7,050,519
Food services	-	-	748,833	748,833
Athletics	-	-	587,678	587,678
Community services	103,905	-	194,563	298,468
Intergovernmental payments	474,595	-	-	474,595
Capital outlay	595,874	4,527,856	521,781	5,645,511
Debt service	232,908	-	2,229,627	2,462,535
Total expenditures	<u>20,601,656</u>	<u>4,527,856</u>	<u>4,282,482</u>	<u>29,411,994</u>
Excess (deficiency) of revenues over expenditures	<u>52,381</u>	<u>(3,821,297)</u>	<u>(1,422,209)</u>	<u>(5,191,125)</u>
Other financing sources (uses)				
Bond proceeds	-	-	275,000	275,000
Holding loss on investments	-	(278,893)	-	(278,893)
Transfers in	-	-	618,246	618,246
Transfers out	(602,815)	-	(15,431)	(618,246)
Total other financing sources (uses)	<u>(602,815)</u>	<u>(278,893)</u>	<u>877,815</u>	<u>(3,893)</u>
Net change in fund balance	(550,434)	(4,100,190)	(544,394)	(5,195,018)
Fund balance - beginning	<u>2,535,248</u>	<u>21,306,181</u>	<u>597,895</u>	<u>24,439,324</u>
Fund balance - ending	<u>\$ 1,984,814</u>	<u>\$ 17,205,991</u>	<u>\$ 53,501</u>	<u>\$ 19,244,306</u>

Alma Public Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended June 30, 2005

Net change in fund balances - total governmental funds		\$ (5,195,018)
Total change in net assets reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Depreciation expense	\$ (1,014,281)	
Capitalized capital outlay	<u>4,670,783</u>	3,656,502
Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.		
Debt issued	(275,000)	
Repayments of long-term debt	1,091,905	
Repayments of capital lease payable	<u>32,248</u>	849,153
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Amortization of bond discount	(6,253)	
Change in compensated absences payable	(85,995)	
Change in accrued interest on bonds	<u>5,962</u>	<u>(86,286)</u>
Change in net assets of governmental activities		<u>\$ (775,649)</u>

Alma Public Schools
Statement of Fiduciary Net Assets
June 30, 2005

	Private Purpose Trust Fund	Agency Funds
Assets		
Cash	\$ 9,225	\$ 193,587
Liabilities		
Due to student activities	-	187,557
Due to other funds	<u>-</u>	<u>6,030</u>
Total liabilities	<u>-</u>	<u>193,587</u>
Net assets		
Reserved for scholarships and loans	<u>\$ 9,225</u>	<u>\$ -</u>

Alma Public Schools
Statement of Activities for Private Purpose Trust Funds
Year Ended June 30, 2005

	Private Purpose Trust Funds
Additions	
Interest	\$ 19
Memorial donations	<u> 3,013</u>
Total additions	3,032
Deductions	
Awards	<u> 1,000</u>
Change in net assets	2,032
Net assets - beginning	<u> 7,193</u>
Net assets - ending	<u><u> \$ 9,225</u></u>

Alma Public Schools
Notes to Financial Statements
June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Alma Public Schools (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

District-wide Financial Statements

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net assets are reported in three parts (1) invested in capital assets, net of related debt, (2) restricted

net assets, and (3) unrestricted net assets. The School District first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, interest, and investment earnings, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net assets resulting from current year activities.

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be

Alma Public Schools
Notes to Financial Statements
June 30, 2005

available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted State aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following major governmental funds:

General Fund – The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

2003 Capital Projects Fund – The Building and Site Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, building, equipment, and remodeling.

Additionally, the School District reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include Food Service, Athletic,

and Community Service Funds. The annual operating surplus or deficit generated by these activities is generally transferred to or from the General Fund.

Debt Service Fund – Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

Grant Capital Projects Fund – The Building and Site Fund is used to record grant revenue and the disbursement of invoices specifically designated for classroom additions.

Fiduciary Funds – Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. This fund is used to record the transactions of student groups for school and school-related purposes.

Assets, Liabilities and Equity

Deposits and Investments – Cash includes cash on hand and demand deposits. Investments are stated at fair value.

Receivables and Payables – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

Property taxes and other accounts receivable are shown net of an allowance for uncollectible amounts.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2005, the General Fund rate was 18.000 per \$1,000 of non-homestead

Alma Public Schools
Notes to Financial Statements
June 30, 2005

assessed value and the Debt Fund rate was 7.000 per \$1,000 of both homestead and non-homestead assessed value.

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. The School District's tax roll lies within Gratiot, Montcalm and Isabella Counties.

Property taxes are assessed as of December 31 and attach as an enforceable lien on July 1 of the following year. School property taxes are levied on December 1 and July 1 and are due on or before March 1 and October 31, respectively. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Gratiot and remitted to the School District before fiscal year end.

Inventories and Prepaid Items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and is recorded as prepaid items in both district-wide and fund financial statements.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20-50 years
Buses and other vehicles	5-10 years
Furniture and other equipment	5-40 years

Compensated Absences – Sick days are earned by most employees at the rate of one day per school month (10 days per year). A maximum of 60 sick days may be accumulated by an employee. Retiring employees who meet certain age and years of service requirements are paid for accumulated sick days to a maximum number of days and at a rate determined by their job category.

Employees who are not teachers are awarded vacation days based on years of service, up to a maximum of 20 days. Retiring employees are paid for vacation days up to the maximum number of days accumulated.

The liability for compensated absences reported in the district-wide financial statements consists of unpaid, accumulated sick leave and vacation balances. The sick leave liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments, and other employees who are expected to become eligible in the future to receive such payments upon termination, are included. The liability for vacation is calculated based on days earned and the current rate. The amount reported is salary related and includes fringe benefits.

Long-term Obligations – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside

Alma Public Schools
Notes to Financial Statements
June 30, 2005

parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data

Comparative data is not included in the School District's financial statements.

Eliminations and Reclassifications

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Economic Dependency

The School District received approximately 77% of their General Fund revenue from the Michigan Department of Education. Due to the significance of this revenue source, the School District is considered to be economically dependent on the Michigan Department of Education.

Concentrations

Approximately 67% of the School District's employees work under collective bargaining agreements. Unions whose existing agreements expired on June 30, 2005 represent 100% of these employees.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and State law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end.

The appropriation level adopted by the Board is the level of control authorized under the Act. The Act requires expenditures to be budgeted on a functional basis. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the Act if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted, or as amended by the Board of Education throughout the year. Individual amendments were not material in relation to the original appropriations which were amended.

Appropriations lapse at year-end and, therefore, cancel all encumbrances. These appropriations are reestablished at the beginning of the following year.

Excess of Expenditures over Appropriations

The School District did not have significant expenditure budget variances.

Alma Public Schools
Notes to Financial Statements
June 30, 2005

During the year ended June 30, 2005, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Total Budget	Amount of Expenditures	Budget Variances
General Fund			
Instruction			
Basic	\$ 9,358,968	\$ 9,369,464	10,496
Supporting Services			
General administration	236,709	246,865	10,156
School administration	1,244,696	1,276,610	31,914
Pupil transportation	722,140	731,072	8,932
Staff/personnel services	77,385	87,396	10,011
Community services	95,731	103,905	8,174
Other uses - operating transfers	573,000	602,815	29,815
Special Revenue Funds			
Food Service	742,412	749,479	7,067
Athletics	583,747	590,553	6,806

NOTE 3 - DEPOSITS AND INVESTMENTS

Credit risk - State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. As of June 30, 2005, the District's investment in the

Michigan Liquid Asset Fund was rated AAAm by Standard and Poor's. The School District's deposits and investments are in accordance with statutory authority.

Concentration of credit risk – The District's investment policy does not limit the amount that may be invested with any one issuer.

At year end, the School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	\$ 1,285,664	\$ 202,812	\$ 1,488,476
Investments	<u>18,585,738</u>	<u>-</u>	<u>18,585,738</u>
	<u>\$ 19,871,402</u>	<u>\$ 202,812</u>	<u>\$ 20,074,214</u>

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking and savings accounts, certificates of deposit)	\$ 1,487,926
Investments in securities, mutual funds, and similar vehicles	18,585,738
Petty cash and cash on hand	<u>550</u>
Total	<u>\$ 20,074,214</u>

Alma Public Schools
Notes to Financial Statements
June 30, 2005

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2005, \$2,159,660 of the District's bank balance of \$ 2,364,569 was exposed to custodial credit risk because it was uninsured and uncollateralized .

Custodial credit risk – investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

At year end, the School District's investment balances were categorized as follows:

	<u>Cost</u>	<u>Carrying Amount</u>
Investments subject to categorization 2:		
Deposits with Michigan Schools District Liquid Asset Fund (MILAF)	\$ 18,585,738	\$ 19,146,888

Investments not subject to categorization are not evidenced by securities that exist in physical or book entry form.

NOTE 4 - CAPITAL ASSETS

A summary of the changes in governmental capital assets is as follows:

	Balance July 1, 2004	Additions	Disposals and Adjustments	Balance June 30, 2005
Assets not being depreciated				
Land	\$ 723,068	\$ -	\$ -	\$ 723,068
Construction in progress	2,207,230	1,074,316	(2,207,230)	1,074,316
Other capital assets				
Site improvements	431,755	165,151	-	596,906
Buildings and additions	20,347,106	5,333,893	-	25,680,999
Buses and other vehicles	1,420,158	57,747	(142,739)	1,335,166
Furniture and equipment	7,526,155	246,906	-	7,773,061
Subtotal	<u>32,655,472</u>	<u>6,878,013</u>	<u>(2,349,969)</u>	<u>37,183,516</u>
Accumulated depreciation				
Site improvements	(352,136)	(13,264)	-	(365,400)
Buildings and additions	(9,139,813)	(440,036)	-	(9,579,849)
Buses and other vehicles	(1,077,397)	(61,356)	142,739	(996,014)
Furniture and equipment	(4,283,115)	(499,625)	-	(4,782,740)
Subtotal	<u>(14,852,461)</u>	<u>(1,014,281)</u>	<u>142,739</u>	<u>(15,724,003)</u>
Net capital assets	<u>\$ 17,803,011</u>	<u>\$ 5,863,732</u>	<u>\$ (2,207,230)</u>	<u>\$ 21,459,513</u>

Alma Public Schools
Notes to Financial Statements
June 30, 2005

Depreciation expense was charged to activities of the School District as follows

Governmental Activities:	
Instruction	\$ 340,262
Supporting services	94,069
Food service	8,141
Athletics	9,477
Community service	4,024
Unallocated	<u>558,308</u>
 Total governmental activities	 <u><u>\$ 1,014,281</u></u>

Capital outlay on the government wide statements differs from this capital asset footnote because of the amount of construction in progress that was completed during the year and added to the cost of the buildings and additions of \$2,207,230.

NOTE 5 - INTERFUND RECEIVABLE AND PAYABLE AND TRANSFERS

Individual interfund receivable and payable balances at June 30, 2005 were:

Fund	Receivable	Payable	Purpose
General Fund	\$ 29,275	\$ -	Reimbursement of District expenditures paid by the General Fund.
Athletics Fund	-	1,571	Reimbursement of District athletic costs paid by the General Fund.
Community Service Fund	558	-	Transfer of Community Service revenue receipted by the General Fund.
Food Service Fund	-	9,654	Reimbursement of District food service costs paid by the General Fund.
Activity Fund	-	6,030	Reimbursement of District activity fund costs paid by the General Fund.
Capital Projects Fund	1,874	-	Grant funds from the General Fund to be transferred for classroom additions
2000 Debt Retirement Fund	-	15,181	Transfer of property tax refunds receipted by the General Fund. Transfer of funds to cover fund deficit in 2003 Debt Retirement Fund.
2003 Debt Retirement Fund	<u>729</u>	<u>-</u>	Reimbursement to General Fund of debt service payment. Transfer in of funds from 2000 Debt Service Fund to cover fund deficit.
	<u><u>\$ 32,436</u></u>	<u><u>\$ 32,436</u></u>	

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers were made during the year ended June 30, 2005 between the General Fund, Food Service Fund, Community Service Fund, Capital Projects Fund, 2000 Debt Service Fund, 2003 Debt Service Fund, and the Athletic Fund totaling \$ 618,246. These transfers were made to cover the costs of the School District's programs that were in excess of revenues generated from those activities.

Alma Public Schools
Notes to Financial Statements
June 30, 2005

NOTE 6 - DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unearned</u>
Grant and categorical payments received prior to meeting all eligibility requirements	<u>\$ 351,945</u>

NOTE 7 - STATE AID ANTICIPATION NOTE

The School District issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the School District receives state aid from October through the following August for its fiscal year ending June 30th. The balance is due on August 19, 2005 and it has an effective interest rate of 1.57%.

Short-term debt activity for the year ended June 30, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Proceeds</u>	<u>Repayments</u>	<u>Ending Balance</u>
State aid anticipation note	<u>\$ 1,000,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,500,000</u>

NOTE 8 - LONG-TERM DEBT

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. Other long-term obligations include compensated absences and capital lease agreements.

Long-term obligation activity can be summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Government obligation bonds	\$ 29,790,000	\$ -	\$ 1,025,000	\$ 28,765,000	\$ 1,090,000
Discount on bond issuance costs	(178,223)	-	(6,253)	(171,970)	(6,253)
Other bonds	221,810	-	-	221,810	16,805
Capital lease	141,992	-	32,248	109,744	34,655
Contracts payable	458,662	-	66,905	391,757	53,334
School bond loan fund	-	276,625	-	276,625	-
Compensated absences	<u>1,008,882</u>	<u>85,995</u>	<u>-</u>	<u>1,094,877</u>	<u>-</u>
Total	<u>\$ 31,443,123</u>	<u>\$ 362,620</u>	<u>\$ 1,117,900</u>	<u>\$ 30,687,843</u>	<u>\$ 1,188,541</u>

Alma Public Schools
Notes to Financial Statements
June 30, 2005

Government obligation bonds payable at June 30, 2005 consists of the following :

2003 Building and Site Bonds due in annual installments of \$ 560,000 to \$ 950,000 through May 1, 2033, interest at 3.20% to 5.00%	\$ 23,635,000
2000 Energy Bonds due in annual installments of \$ 70,000 to \$ 120,000 through May 1, 2015, interest at 5.10% to 5.70%	930,000
2000 Refunding Bonds due in annual installments of \$ 460,000 to \$ 735,000 through May 1, 2012, interest at 4.65% to 5.00%	<u>\$ 4,200,000</u>
Total general obligation bonded debt	<u>\$ 28,765,000</u>

Future principal and interest requirements for bonded debt is as follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$ 1,090,000	\$ 1,278,083	\$ 2,368,083
2007	1,145,000	1,235,203	2,380,203
2008	1,200,000	1,189,601	2,389,601
2009	1,260,000	1,141,076	2,401,076
2010	1,320,000	1,089,671	2,409,671
2011-2015	5,950,000	4,618,815	10,568,815
2016-2020	4,625,000	3,533,688	8,158,688
2021-2025	4,625,000	2,502,778	7,127,778
2026-2030	4,700,000	1,407,188	6,107,188
2031-2033	<u>2,850,000</u>	<u>285,000</u>	<u>3,135,000</u>
	<u>\$ 28,765,000</u>	<u>\$ 18,281,103</u>	<u>\$ 47,046,103</u>

Other bonds consist of the following:

1998 Durant Bonds due in annual installments of \$ 16,805 to \$ 81,149 through 5/15/2013; interest at 4.76% due annually	<u>\$ 221,810</u>
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Alma Public Schools
Notes to Financial Statements
June 30, 2005

Future principal and interest requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 16,805	\$ 7,576	\$ 24,381
2007	17,602	6,775	24,377
2008	81,149	33,906	115,055
2009	19,322	5,059	24,381
2010	20,241	4,139	24,380
2011-2013	<u>66,691</u>	<u>6,449</u>	<u>73,140</u>
	<u>\$ 221,810</u>	<u>\$ 63,904</u>	<u>\$ 285,714</u>

Capital lease consists of the following:

2003 purchase of 11 copier machines on a 60 month \$1 buy out capital lease. Monthly payment includes a maintenance component; interest stated at 7.00%	\$ 87,131
2004 purchase of 6 copier machines on a 60 month \$1 buy out capital lease. Interest stated at 8.25%	<u>22,613</u>
Total capital lease payable	<u>\$ 109,744</u>

The imputed cost of leased equipment is capitalized and charged to earnings using the straight-line method of amortization over estimated useful lives of the assets for financial reporting purposes. Generally, when items of leased property are retired or otherwise disposed of, the cost and related accumulated amortization are removed from the accounts and any resulting gain or loss is reflected in income. Estimated useful lives range from four to ten years.

Future principal and interest requirements for the capital lease is as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 34,655	\$ 6,832	\$ 41,487
2007	37,242	3,245	40,487
2008	35,296	1,474	36,770
2009	<u>2,551</u>	<u>44</u>	<u>2,595</u>
	<u>\$ 109,744</u>	<u>\$ 11,595</u>	<u>\$ 121,339</u>

Contracts payable consist of the following:

2000 Network Equipment installment contract due in semi-annual installments of \$ 7,861 through July 22, 2005 ; interest at 5.58% due semi-annually	\$ 7,861
2000 Cabling installment contract due in semi-annual installments of \$ 7,957 through July 22, 2010; interest of 5.73% due semi-annually	87,609
1999 66 acre installment contract due in monthly installments of \$ 2,431 to \$ 3,106 through June 25, 2014; variable interest due monthly	<u>296,287</u>
Total long-term contracts payable	<u>\$ 391,757</u>

Alma Public Schools
Notes to Financial Statements
June 30, 2005

Future principal and interest requirements for the contracts payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2006	53,334	12,844	66,178
2007	46,303	10,880	57,183
2008	47,151	9,117	56,268
2009	48,032	7,807	55,839
2010	48,933	5,513	54,446
2011-2014	148,004	8,200	156,204
	<u>\$ 391,757</u>	<u>\$ 54,361</u>	<u>\$ 446,118</u>

State School Bond Loan

The state School bond loan consists of a borrowing agreement with the State of Michigan for the purpose of meeting the financing of current debt maturities. Management of the School District anticipates that as the other bonds mature, the revenues provided by the debt millage will be sufficient to satisfy the future debt service requirements of the bonds and all necessary borrowing from the State School Bond Loan Fund. During the year, the School District borrowed \$ 275,000 and had an outstanding balance at June 30, 2005 of \$ 276,625, which includes \$ 1,625 of interest, from the State School Bond Loan Fund. The School District has agreed to repay the loan amount with interest at rates and at times to be determined by the State Treasurer.

Compensated Absences

Accrued compensated absences at June 30, 2005 consists of \$ 1,042,646 of sick hours earned and vested and \$ 52,231 of vacation pay.

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and natural disasters. To minimize such risks of loss the District has purchased commercial insurance from independent third parties for general liability, property and casualty and health and vision claims.

In addition to risks described above, the District is subject to risk of loss as a result of employee injuries (worker's compensation). To minimize such risk of loss, the District participates in a public entity risk pool through the School Employers Group. The District's contribution to the pool during fiscal year 2004-05 net of prior year rebates amounted to \$ 27,753. The possibility of additional liabilities in excess of current year contributions exists, however, these amounts are indeterminable and believed to be immaterial, and as such no contingent liabilities have been recognized on the District's financial statements for the year ended June 30, 2005.

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method the School District must reimburse the Employment Commission for all benefits charged against the School District for the year. The School District had unemployment compensation expense of \$ 5,017 for the year ended June 30, 2005. No provision has been made for possible future claims.

Alma Public Schools
Notes to Financial Statements
June 30, 2005

NOTE 10 -DEFINED BENEFIT PENSION PLAN

Plan Description

The School District has a defined benefit pension plan covering substantially all employees. The plan is operated by the State of Michigan's Public School Employees Retirement System (MPSERS), which is a cost-sharing public employee retirement system (PERS).

The pension plan provides retirement, survivor and disability benefits to plan members and their beneficiaries.

MPSERS operates within the Michigan Department of Management and Budget, Office of Retirement Systems who has the authority to establish and amend benefit provisions. The Michigan Department of Management and Budget issues a publicly available financial report that includes financial statements and required supplementary information for MPSERS. That report may be obtained by writing to:

Office of Retirement Services
P.O. Box 30171
Lansing, Michigan 48909-7671
800-381-5111

Funding Policy

The School is required by State statute to contribute to MPSERS an actuarially determined percentage of payroll for all participating employees. Additionally, employees participating in the Member Investment Plan contributed 3% to 4.3% of their covered wages through payroll deduction. In addition to retirement benefits, a portion of the total MPSERS contribution is allocated to cover health, dental and vision benefits.

The following table discloses pertinent information relative to MPSERS funding for the three-year period beginning July 1, 2002 through June 30, 2005.

	Year Ended June, 30		
	2005	2004	2003
Funding Percentage Range	12.99% - 14.87%	12.99%	12.17%-12.99%
Total school payroll	\$ 12,201,268	\$12,465,060	\$ 12,056,341
Total covered payroll	12,013,281	12,418,554	12,003,330
School contributions	1,747,778	1,613,285	1,540,478
Employee MIP contributions	339,483	349,916	332,304
Tax deferred payment program	66,642	54,041	29,818
Portion of school contribution covering health, dental and vision benefits	44%	47%	47%

Trend Information

Ten-year historical trend information is presented in the September 30, 2004 PERS Comprehensive Annual Financial Report. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. The total benefit obligations and net assets available for benefits as of September 30, 2003, the latest date for which information is available, approximates \$ 44.8 billion and \$ 38.7 billion, respectively. The School's share of the total current actuarially determined employer contribution requirement under MPSERS was less than 1% for the year ended September 30, 2004.

Alma Public Schools
Notes to Financial Statements
June 30, 2005

Post Employment Benefits

In addition to the pension benefits described above, the School District provides post-retirement health care, dental, and vision benefits for retirees and beneficiaries through Michigan Public School Employees Retirement System (MPERS).

Expenditures for these benefits are recognized on a cash disbursement basis. During the year ended September 30, 2004, statewide expenditures of \$ 666 million were recognized for post-retirement health care, dental and vision. This represented approximately 22% of the total expenditures of the Michigan Public School Employees Retirement System.

NOTE 11 - FUND EQUITY

Specific reservations on fund equity include:

Reserved for prepaids and inventory – This reserve was created to acknowledge funds that have already been spent for resources available to subsequent periods.

Reserved for contributions – This reserve represents excess funding for programs in which legal or contractual requirements specify that the use of program revenue is restricted to a particular program.

Reserved for debt service – This reserve was created to segregate a portion of the fund balance account for debt service, including both principal payments and interest payments. The reservation was established to satisfy legal restrictions imposed by various bond agreements.

Reserved for capital projects – This reserve represents unused school building and site improvement bond proceeds and interest

earned on investments of those proceeds restricted for a new construction or improvement of facilities.

Reserved for scholarships and loans – This reserve was created to restrict the use of resources donated for scholarships and loans. The restriction is mandated by donor agreement.

NOTE 12 - CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year ended June 30, 2005.

NOTE 13 - SUBSEQUENT EVENT

Subsequent to June 30, 2005, the School District has paid the balance of the \$1,500,000 and accrued interest on the short-term state aid anticipation note borrowed in August of 2004 and has subsequently borrowed an additional \$1,500,000 in short-term state aid anticipation notes with annual interest of 2.92% through the Michigan Municipal Bond Authority. Proceeds from the borrowing will be distributed to the School District in August of 2005.

NOTE 14 – COMMITMENTS

The School District has construction contractual commitments in the amount of \$8,326,061 outstanding at June 30, 2005.

Alma Public Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
Year Ended June 30, 2005

	Budgeted Amounts			Actual over (under) final budget
	Original	Final	Actual	
Revenues				
Local	\$ 2,058,759	\$ 2,107,458	\$ 2,137,727	\$ 30,269
State	16,413,921	15,967,996	15,969,421	1,425
Federal	1,126,833	1,406,932	1,351,543	(55,389)
Interdistrict	973,000	1,191,512	1,195,346	3,834
Total revenues and other sources	20,572,513	20,673,898	20,654,037	(19,860)
Expenditures				
Instruction				
Basic programs	8,775,913	9,358,968	9,369,464	10,496
Added needs	2,453,291	2,670,552	2,660,482	(10,070)
Adult and continuing education	443,323	115,248	113,909	(1,339)
Supporting services				
Pupil	1,179,624	1,185,475	1,107,935	(77,540)
Instructional staff	373,660	442,138	434,845	(7,293)
General administration	338,254	236,709	246,865	10,156
School administration	1,255,033	1,244,696	1,276,610	31,914
Business	757,293	628,019	623,773	(4,246)
Operations and maintenance	2,320,832	2,400,500	2,394,732	(5,768)
Pupil transportation	705,583	722,140	731,072	8,932
Technology/data processing - Central	127,937	149,901	147,291	(2,610)
Staff/personnel services	58,595	77,385	87,396	10,011
Community services	65,749	95,731	103,905	8,174
Capital outlay	337,228	685,228	595,874	(89,354)
Debt service	151,027	232,908	232,908	-
Intergovernmental payments	440,000	474,595	474,595	-
Other uses - operating transfers	510,000	573,000	602,815	29,815
Total expenditures and other uses	20,293,342	21,293,193	21,204,471	(88,722)
Net change in fund balance	279,171	(619,296)	(550,434)	68,862
Fund balance - beginning	2,535,248	2,535,248	2,535,248	-
Fund balance - ending	\$ 2,814,419	\$ 1,915,952	\$ 1,984,814	\$ 68,862

Alma Public Schools
Other Supplemental Information
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2005

	Nonmajor Special Revenue Funds			Nonmajor	Nonmajor	Total
	Food Services	Athletics	Community Services	Debt Fund	Capital Projects Fund	Nonmajor Governmental Funds
Assets						
Cash and cash equivalents	\$ 1,427	\$ -	\$ -	\$ 65,156	\$ -	\$ 66,583
Accounts receivable	946	1,235	570	-	-	2,751
Due from other funds	-	-	558	729	-	1,287
Inventory	8,530	-	-	-	-	8,530
Prepaid expenses	1,750	742	-	-	-	2,492
Total assets	\$ 12,653	\$ 1,977	\$ 1,128	\$ 65,885	\$ -	\$ 81,643
Liabilities and Fund Balance						
Liabilities						
Accounts payable	\$ 278	\$ 330	\$ 1,128	\$ -	\$ -	\$ 1,736
Due to other funds	9,654	1,571	-	15,181	-	26,406
Total liabilities	9,932	1,901	1,128	15,181	-	28,142
Fund Balance						
Reserved for debt service	-	-	-	50,704	-	50,704
Reserved for prepaids and inventory	10,280	742	-	-	-	11,022
Undesignated (deficit)	(7,559)	(666)	-	-	-	(8,225)
Total fund balance	2,721	76	-	50,704	-	53,501
Total liabilities and fund balance	\$ 12,653	\$ 1,977	\$ 1,128	\$ 65,885	\$ -	\$ 81,643

Alma Public Schools
Other Supplemental Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balance -
Nonmajor Governmental Funds
Year Ended June 30, 2005

	Nonmajor Special Revenue Funds			Nonmajor	Nonmajor	Total
	Food Services	Athletics	Community Services	Debt Fund	Capital Projects Fund	Nonmajor Governmental Funds
Revenues						
Local	\$ 288,714	\$ 147,236	\$ 100,522	\$ 1,901,101	\$ -	\$ 2,437,573
State	55,990	-	-	-	-	55,990
Federal	366,710	-	-	-	-	366,710
Other sources - bond proceeds	-	-	-	275,000	-	275,000
Other sources - operating transfers	38,400	443,006	94,242	15,431	27,167	618,246
Total revenues and other sources	749,814	590,242	194,764	2,191,532	27,167	3,753,519
Expenditures						
Food services	748,833	-	-	-	-	748,833
Athletics	-	587,678	-	-	-	587,678
Community services	-	-	194,563	-	-	194,563
Debt service	-	-	-	2,229,627	-	2,229,627
Capital outlay	646	2,875	201	-	518,059	521,781
Other uses - operating transfers	-	-	-	15,431	-	15,431
Total expenditures and other uses	749,479	590,553	194,764	2,245,058	518,059	4,297,913
Net change in fund balance	335	(311)	-	(53,526)	(490,892)	(544,394)
Fund balance - beginning	2,386	387	-	104,230	490,892	597,895
Fund balance - ending	\$ 2,721	\$ 76	\$ -	\$ 50,704	\$ -	\$ 53,501

**Alma Public Schools
General Fund
Comparative Balance Sheet
June 30, 2005 and 2004**

	June 30,	
	2005	2004
Assets		
Cash and cash equivalents	\$ 1,219,081	\$ 1,800,666
Investments	1,381,621	817,755
Accounts receivable	269,497	267,632
Due from other funds	29,275	-
Due from other governmental units	3,107,921	3,085,235
Prepaid expenditures	18,815	36,112
Inventory	64,034	57,943
Total Assets	\$ 6,090,244	\$ 6,065,343
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 40,400	\$ 131,029
Salaries payable	1,249,211	833,143
Accrued expenses	851,905	863,501
Accrued interest on short term note	25,679	12,302
Short term note	1,500,000	1,000,000
Due to other funds	-	581,031
Due to other governmental units	86,290	63,782
Deferred revenue	351,945	45,307
Total liabilities	4,105,430	3,530,095
Fund Balance		
Reserved for inventory	64,034	57,943
Reserved for prepaid expenditures	18,815	36,112
Reserved for grants	-	342,765
Reserved for contributions	21,029	13,060
Unreserved:		
Undesignated	1,880,936	2,085,368
Total fund balance	1,984,814	2,535,248
Total Liabilities and Fund Balance	\$ 6,090,244	\$ 6,065,343

Alma Public Schools
General Fund
Comparative Statement of Revenues - Budget and Actual
Year Ended June 30, 2005
(With Comparative Totals for 2004)

	June 30, 2005			June 30, 2004
	Budget	Actual	Over (Under) Budget	
Revenue from local sources				
Property tax levy	\$ 1,865,968	\$ 1,818,979	\$ (46,989)	\$ 1,770,167
Other taxes	10,100	31,934	21,834	15,335
Tuition and transportation	9,270	30,210	20,940	33,164
Earnings from investments and deposits	25,000	31,603	6,603	17,398
Childcare	66,000	53,244	(12,756)	64,329
Facility rental	88,000	91,836	3,836	89,995
Vending	35,000	35,729	729	37,603
Other local revenues	8,120	44,192	36,072	21,541
Total revenue from local sources	2,107,458	2,137,727	30,269	2,049,532
Revenue from state sources				
Grants - unrestricted				
State school aid	14,175,188	14,182,554	7,366	14,419,210
Grants - restricted - received through State and Intermediate School District				
Special education	591,247	612,548	21,301	549,277
Adult education	32,485	33,835	1,350	38,545
Vocational education	53,376	60,378	7,002	87,353
At risk	455,884	435,265	(20,619)	499,285
Michigan school readiness	99,481	94,473	(5,008)	177,208
Small class size	525,616	515,649	(9,967)	572,274
Durant	34,719	34,719	-	34,719
Other	-	-	-	10,346
Total revenue from state sources	15,967,996	15,969,421	1,425	16,388,217
Revenue from federal sources				
Grants - restricted - direct federal source				
Drug and violence prevention	-	-	-	34,506
21st century community learning center	155,874	154,237	(1,637)	290,664
Elementary counseling	213,559	160,982	(52,577)	84,543
Grants - restricted - received through State and Intermediate School District				
Title I	503,708	503,708	-	692,449
Title V part A	12,258	8,877	(3,381)	27,023
Comprehensive school reform	82,159	82,159	-	80,424
Drug free schools	6,200	4,279	(1,921)	2,894
Adult basic education	13,064	11,000	(2,064)	13,614

Alma Public Schools
General Fund
Year Ended June 30, 2005
(With Comparative Totals for 2004)

	June 30, 2005		
	Budget	Actual	Over (Under) Budget
			June 30, 2004
Revenue from federal sources - continued			
Child care food program	\$ 5,000	\$ 7,884	\$ 2,884
Medicaid outreach	55,000	47,817	(7,183)
Class size reduction	154,074	145,142	-
Technology literacy	200,669	196,233	(4,436)
Other - restricted	5,367	6,367	1,000
Other - unrestricted	-	22,858	22,858
Total revenue from federal sources	1,406,932	1,351,543	(55,389)
Revenues from interdistrict sources			
County special education tax	750,000	758,076	8,076
Partnership for adult learning (PAL)	-	-	-
Special ed tuition	20,000	19,844	(156)
Area vocational reimbursement	308,152	324,231	16,079
Early childhood education	112,860	92,542	(20,318)
Miscellaneous	500	653	153
Total revenue from interdistrict sources	1,191,512	1,195,346	3,834
Total revenues	\$ 20,673,898	\$ 20,654,037	\$ (19,861)

Alma Public Schools
General Fund
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2005
(With Comparative Totals for 2004)

	June 30, 2005		Over (Under)	June 30,
	Budget	Actual	Budget	2004
Instruction				
Basic programs				
Elementary				
Salaries	\$ 2,932,071	\$ 2,943,159	\$ 11,088	\$ 2,350,561
Employee benefits	1,240,138	1,220,336	(19,802)	922,668
Purchased services	42,923	42,424	(499)	50
Supplies and materials	122,406	121,375	(1,031)	85,280
Other	7,820	5,195	(2,625)	3,488
	<u>4,345,358</u>	<u>4,332,489</u>	<u>(12,869)</u>	<u>3,362,047</u>
Intermediate				
Salaries	1,423,166	1,435,101	11,935	1,820,352
Employee benefits	602,039	632,336	30,297	700,077
Purchased services	6,250	7,838	1,588	9,625
Supplies and materials	97,921	88,197	(9,724)	82,534
Other	9,422	18,543	9,121	15,277
	<u>2,138,798</u>	<u>2,182,015</u>	<u>43,216</u>	<u>2,627,865</u>
High school				
Salaries	1,750,209	1,781,097	30,888	1,847,329
Employee benefits	718,134	728,441	10,307	695,929
Purchased services	23,475	22,684	(791)	24,943
Supplies and materials	150,527	127,645	(22,882)	130,240
Other	9,519	3,729	(5,790)	23,282
	<u>2,651,864</u>	<u>2,663,596</u>	<u>11,732</u>	<u>2,721,723</u>
Preschool				
Salaries	146,460	124,253	(22,207)	111,565
Employee benefits	41,304	35,296	(6,008)	25,740
Purchased services	350	888	538	3,540
Supplies and materials	11,200	6,407	(4,793)	7,270
Other	585	821	236	1,164
	<u>199,899</u>	<u>167,665</u>	<u>(32,234)</u>	<u>149,279</u>
Other basic programs				
Salaries	17,623	17,902	279	130,590
Employee benefits	3,406	3,464	58	24,829
Purchased services	-	63	63	13,522
Supplies and materials	2,020	2,270	250	25,538
	<u>23,049</u>	<u>23,699</u>	<u>650</u>	<u>194,479</u>

Alma Public Schools
General Fund
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2005
(With Comparative Totals for 2004)

	June 30, 2005			
	Budget	Actual	Over (Under) Budget	June 30, 2004
Added needs				
Special education				
Salaries	\$ 1,034,690	\$ 1,034,179	\$ (511)	\$ 1,023,349
Employee benefits	399,461	397,892	(1,569)	370,643
Supplies and materials	21,885	27,197	5,312	15,948
Other	5,500	-	(5,500)	-
	<u>1,461,536</u>	<u>1,459,268</u>	<u>(2,268)</u>	<u>1,409,940</u>
Compensatory education				
Salaries	420,749	421,820	1,071	488,336
Employee benefits	131,104	134,091	2,987	147,630
Purchased services	6,170	3,173	(2,997)	-
Supplies and materials	6,594	6,811	217	32,393
Other	-	30	30	192
	<u>564,617</u>	<u>565,925</u>	<u>1,308</u>	<u>668,551</u>
Vocational education				
Salaries	411,798	399,672	(12,126)	343,465
Employee benefits	161,027	159,183	(1,844)	123,917
Purchased services	12,500	18,076	5,576	19,760
Supplies and materials	58,090	57,723	(367)	32,786
Other	984	635	(349)	133
	<u>644,399</u>	<u>635,289</u>	<u>(9,110)</u>	<u>520,061</u>
Adult education				
Salaries	88,042	84,257	(3,785)	56,498
Employee benefits	23,785	24,953	1,168	17,276
Purchased services	-	1,277	1,277	15,211
Supplies and materials	2,982	2,780	(202)	5,485
Other	439	642	203	1,647
	<u>115,248</u>	<u>113,909</u>	<u>(1,339)</u>	<u>96,117</u>
Total Instruction	<u>12,144,769</u>	<u>12,143,855</u>	<u>(914)</u>	<u>11,750,062</u>
Supporting Services				
Pupil				
Guidance services				
Salaries	286,029	270,308	(15,721)	385,572
Employee benefits	109,142	117,651	8,509	141,044
Purchased services	148,259	80,025	(68,234)	20,572
Supplies and materials	11,731	7,860	(3,871)	9,554
	<u>555,161</u>	<u>475,844</u>	<u>(79,316)</u>	<u>556,742</u>

Alma Public Schools
General Fund
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2005
(With Comparative Totals for 2004)

	June 30, 2005		Over (Under) Budget	June 30, 2004
	Budget	Actual		
Speech Pathology				
Salaries	\$ 138,696	\$ 138,554	\$ (142)	\$ 137,911
Employee benefits	62,502	58,070	(4,432)	58,742
Purchased services	-	64	64	90
Supplies and materials	1,600	1,501	(99)	1,796
	<u>202,798</u>	<u>198,189</u>	<u>(4,608)</u>	<u>198,539</u>
Social Work services				
Salaries	151,418	154,556	3,138	89,982
Employee benefits	72,503	75,675	3,172	42,795
Purchased services	-	192	192	158
Supplies and materials	400	239	(161)	-
	<u>224,321</u>	<u>230,662</u>	<u>6,341</u>	<u>132,935</u>
Other pupil services				
Salaries	162,069	161,000	(1,069)	166,368
Employee benefits	35,145	36,134	989	34,624
Purchased services	3,500	3,494	(6)	6,900
Supplies and materials	2,481	2,612	131	10,770
	<u>203,195</u>	<u>203,240</u>	<u>45</u>	<u>218,662</u>
Instructional staff				
Improvement of instruction				
Salaries	26,550	28,870	2,320	18,730
Employee benefits	5,979	6,514	535	3,869
Purchased services	61,837	43,054	(18,783)	38,652
Supplies and materials	1,800	1,750	(50)	392
Other	2,800	3,208	408	3,320
	<u>98,966</u>	<u>83,396</u>	<u>(15,570)</u>	<u>64,963</u>
Library				
Salaries	185,480	191,783	6,303	197,718
Employee benefits	83,892	87,258	3,367	83,902
Purchased services	1,800	1,519	(281)	12,759
Supplies and materials	32,730	31,792	(938)	19,539
	<u>303,902</u>	<u>312,352</u>	<u>8,450</u>	<u>313,918</u>
Supervision of staff				
Salaries	22,400	19,696	(2,704)	88,543
Employee benefits	11,870	16,234	4,364	30,051
Purchased services	2,700	1,251	(1,449)	1,051
Supplies and materials	2,100	1,916	(184)	1,273
Other	200	-	(200)	-
	<u>39,270</u>	<u>39,097</u>	<u>(173)</u>	<u>120,918</u>

Alma Public Schools
General Fund
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2005
(With Comparative Totals for 2004)

	June 30, 2005		
	Budget	Actual	Over (Under) Budget
			June 30, 2004
General administration			
Board of education			
Salaries	\$ 2,100	\$ 2,100	\$ -
Purchased services	39,100	37,494	(1,606)
Supplies and materials	300	5,957	5,657
Other	7,350	6,448	(902)
	<u>48,850</u>	<u>51,999</u>	<u>3,149</u>
Executive administration			
Salaries	113,737	128,090	14,353
Employee benefits	48,641	49,845	1,204
Purchased services	-	4,828	4,828
Supplies and materials	-	1,942	1,942
Other	17,000	2,679	(14,321)
	<u>179,378</u>	<u>187,384</u>	<u>8,006</u>
Grant administration			
Salaries	5,783	5,783	-
Employee benefits	1,698	1,699	1
Purchased services	-	-	-
Supplies and materials	-	-	-
Other	1,000	-	(1,000)
	<u>8,481</u>	<u>7,482</u>	<u>(999)</u>
School administration			
Office of the principal			
Salaries	846,500	860,445	13,945
Employee benefits	340,746	363,320	22,574
Purchased services	22,150	27,572	5,422
Supplies and materials	19,578	18,958	(620)
Other	15,722	6,315	(9,407)
	<u>1,244,696</u>	<u>1,276,610</u>	<u>31,914</u>
Fiscal services			
Salaries	165,990	175,050	9,060
Employee benefits	85,348	86,599	1,251
Purchased services	38,500	35,751	(2,749)
Supplies and materials	4,450	4,766	316
Other	14,048	6,559	(7,489)
	<u>308,336</u>	<u>308,725</u>	<u>390</u>
			<u>305,641</u>

Alma Public Schools
General Fund
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2005
(With Comparative Totals for 2004)

	June 30, 2005			June 30, 2004
	Budget	Actual	Over (Under) Budget	
Internal services				
Salaries	\$ 81,492	\$ 82,250	\$ 758	\$ 76,234
Employee benefits	29,491	29,695	204	25,893
Purchased services	3,200	3,386	186	2,505
Supplies and materials	32,000	41,836	9,836	40,553
	<u>146,183</u>	<u>157,167</u>	<u>10,984</u>	<u>145,185</u>
Other business services				
Salaries	81,000	89,717	8,717	178,400
Employee benefits	25,000	5,405	(19,595)	16,134
Purchased services	23,500	18,242	(5,258)	9,671
Supplies and materials	4,000	6,160	2,160	-
Other	40,000	38,357	(1,643)	21,948
	<u>173,500</u>	<u>157,881</u>	<u>(15,619)</u>	<u>226,153</u>
Operation and maintenance of plant				
Salaries	848,230	860,545	12,315	868,829
Employee benefits	451,420	454,742	3,322	410,279
Purchased services	372,400	324,454	(47,946)	519,736
Supplies and materials	727,950	754,660	26,710	572,718
Other	500	331	(169)	280
	<u>2,400,500</u>	<u>2,394,732</u>	<u>(5,768)</u>	<u>2,371,842</u>
Pupil transportation services				
Salaries	376,027	377,259	1,232	375,551
Employee benefits	206,291	208,913	2,622	172,567
Purchased services	20,222	15,530	(4,692)	11,751
Supplies and materials	112,250	123,768	11,518	99,800
Other	7,350	5,602	(1,748)	6,121
	<u>722,140</u>	<u>731,072</u>	<u>8,932</u>	<u>665,790</u>
Technology/data processing-central				
Salaries	73,070	74,989	1,919	73,995
Benefits	33,763	35,770	2,007	32,565
Purchased services	31,300	27,826	(3,474)	8,432
Supplies and materials	11,468	8,706	(2,762)	6,248
Other	300	-	(300)	230
	<u>149,901</u>	<u>147,291</u>	<u>(2,611)</u>	<u>121,470</u>
Staff/personnel services				
Salaries	39,810	46,909	7,099	41,136
Benefits	13,785	14,789	1,004	13,289
Purchased services	18,790	21,821	3,031	2,934
Supplies	-	1,500	1,500	608
Other	5,000	2,377	(2,623)	635
	<u>77,385</u>	<u>87,396</u>	<u>10,011</u>	<u>58,602</u>
Total Supporting Services	<u>7,086,963</u>	<u>7,050,519</u>	<u>(36,444)</u>	<u>7,027,035</u>

Alma Public Schools
General Fund
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2005
(With Comparative Totals for 2004)

	June 30, 2005			
	Budget	Actual	Over (Under) Budget	June 30, 2004
Community Services				
Child care				
Salaries	\$ 45,200	\$ 47,622	\$ 2,422	\$ 50,747
Employee benefits	10,399	10,334	(65)	12,348
Purchased services	950	1,028	78	741
Supplies and materials	9,000	9,105	105	9,231
Other	200	2	(198)	195
	<u>65,749</u>	<u>68,091</u>	<u>2,342</u>	<u>73,262</u>
Other community services				
Salaries	11,808	22,359	10,551	4,174
Employee benefits	2,669	2,662	(7)	714
Purchased services	430	2,943	2,513	1,836
Supplies and materials	250	1,539	1,289	177
Other	14,825	6,311	(8,514)	3,271
	<u>29,982</u>	<u>35,814</u>	<u>5,831</u>	<u>10,172</u>
Total Community Services	<u>95,731</u>	<u>103,905</u>	<u>8,174</u>	<u>83,434</u>
Capital Outlay				
Instruction				
Basic instruction	253,158	274,511	21,353	141,218
Added needs	5,100	13,640	8,540	128,521
	<u>258,258</u>	<u>288,151</u>	<u>29,893</u>	<u>269,739</u>
Support				
Guidance services	1,210	945	(265)	4,842
Library	3,428	2,153	(1,275)	3,564
Supervision of staff	-	-	-	2,903
School administration	3,750	3,574	(176)	2,165
Fiscal services	2,000	2,196	196	-
Internal services	-	-	-	450
Operations/maintenance services	40,000	39,668	(332)	42,387
Transportation services	147,000	60,624	(86,376)	162,228
Technology/data processing-central	52,082	49,574	(2,508)	45,004
	<u>249,470</u>	<u>158,734</u>	<u>(90,736)</u>	<u>263,543</u>
Building and site improvement services	<u>177,500</u>	<u>148,989</u>	<u>(28,511)</u>	<u>84,467</u>
Total Capital Outlay	<u>685,228</u>	<u>595,874</u>	<u>(89,354)</u>	<u>617,749</u>

Alma Public Schools
General Fund
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2005
(With Comparative Totals for 2004)

	June 30, 2005			
	Budget	Actual	Over (Under) Budget	June 30, 2004
Intergovernmental payments	\$ 474,595	\$ 474,595	\$ -	\$ 351,165
Debt Service				
Principal repayments	153,047	153,024	(23)	147,555
Interest	79,861	79,884	23	93,415
Total Debt Service	<u>232,908</u>	<u>232,908</u>	<u>-</u>	<u>240,970</u>
Other Financing Uses				
Fund modification				
Capital projects	30,000	27,167	(2,833)	609,519
Special revenue funds	<u>543,000</u>	<u>575,648</u>	<u>32,648</u>	<u>569,497</u>
Total Other Financing Uses	<u>573,000</u>	<u>602,815</u>	<u>29,815</u>	<u>1,179,016</u>
Total Expenditures and Other Financing Uses	<u>\$ 21,293,193</u>	<u>\$ 21,204,471</u>	<u>\$ (88,722)</u>	<u>\$ 21,249,431</u>

**Alma Public Schools
Special Revenue Funds
Combining Balance Sheet
June 30, 2005 and 2004**

	June 30, 2005				June 30, 2004
	Food Service	Community Service	Athletics	Total	
Assets					
Cash and cash equivalents	\$ 1,427	\$ -	\$ -	\$ 1,427	\$ 1,647
Accounts receivable	946	570	1,235	2,751	7,924
Due from other funds	-	558	-	558	-
Inventory	8,530	-	-	8,530	13,037
Prepaid charges	1,750	-	742	2,492	3,626
Total Assets	\$ 12,653	\$ 1,128	\$ 1,977	\$ 15,758	\$ 26,234
Liabilities and Fund Balance					
Liabilities					
Accounts payable	\$ 278	\$ 1,128	\$ 330	\$ 1,736	\$ 11,372
Due to other funds	9,654	-	1,571	11,225	11,509
Deferred revenue	-	-	-	-	580
Total liabilities	9,932	1,128	1,901	12,961	23,461
Fund Balance					
Reserved for inventory and prepaids	10,280	-	742	11,022	10,399
Unreserved and undesignated (deficit)	(7,559)	-	(666)	(8,225)	(7,626)
Total fund balance	2,721	-	76	2,797	2,773
Total liabilities And Fund Balance	\$ 12,653	\$ 1,128	\$ 1,977	\$ 15,758	\$ 26,234

Alma Public Schools
Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Year Ended June 30, 2005
(With Comparative Totals for 2004)

	June 30, 2005								
	Food Service		Community Service		Athletics		Totals		June 30, 2004
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	
Revenues									
Local sources	\$ 299,600	\$ 288,714	\$ 108,600	\$ 100,522	\$ 145,795	\$ 147,236	\$ 553,995	\$ 536,472	\$ 552,186
State sources	53,825	55,990	-	-	-	-	53,825	55,990	37,294
Federal sources	369,000	366,710	-	-	-	-	369,000	366,710	368,867
Total revenues	722,425	711,414	108,600	100,522	145,795	147,236	976,820	959,172	958,347
Expenditures									
Salaries	270,155	280,327	80,483	91,307	297,711	297,070	648,349	668,704	678,971
Employee benefits	114,657	121,243	37,898	38,380	85,044	84,865	237,599	244,489	233,201
Purchased services	8,050	11,346	35,918	41,479	68,022	111,305	111,990	164,130	145,147
Supplies and materials	342,500	334,912	5,350	10,915	16,165	79,065	364,015	424,892	431,270
Capital outlay	5,000	646	700	201	-	2,875	5,700	3,722	34,672
Other	2,050	1,005	35,458	12,482	116,805	15,373	154,313	28,859	27,691
Total expenditures	742,412	749,479	195,807	194,764	583,747	590,553	1,521,966	1,534,796	1,550,952
Other Financing Sources									
Incoming transfers - General fund	20,000	38,400	88,000	94,242	435,000	443,006	543,000	575,648	569,497
Excess (deficiency) of revenues and other financing sources over expenditures	-	335	793	-	(2,952)	(311)	(2,146)	24	(23,108)
Fund Balance - July 1	2,386	2,386	-	-	387	387	2,773	2,773	25,881
Fund Balance - June 30	\$ 2,386	\$ 2,721	\$ 793	\$ -	\$ (2,565)	\$ 76	\$ 614	\$ 2,797	\$ 2,773

Alma Public Schools
Debt Service Funds
June 30, 2005 and 2004

	June 30, 2005			June 30, 2004
	2000 Debt Service	2003 Debt Service	Total	Total
Assets				
Cash	\$ 60,247	\$ 4,909	\$ 65,156	\$ 104,230
Due from other funds	-	729	729	155
Total Assets	<u>\$ 60,247</u>	<u>\$ 5,638</u>	<u>\$ 65,885</u>	<u>\$ 104,385</u>
Liabilities and Fund Balance				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 155
Due to other funds	15,181	-	15,181	-
Total liabilities	<u>15,181</u>	<u>-</u>	<u>15,181</u>	<u>155</u>
Fund Balance - Reserved for Debt	<u>45,066</u>	<u>5,638</u>	<u>50,704</u>	<u>104,230</u>
Total Liabilities and Fund Balance	<u>\$ 60,247</u>	<u>\$ 5,638</u>	<u>\$ 65,885</u>	<u>\$ 104,385</u>

Alma Public Schools
Debt Service Funds
Statement of Revenues, Expenditures
and Changes in Fund Balance
Year Ended June 30, 2005
(With Comparative Totals for 2004)

	June 30, 2005			June 30, 2004 Total
	2000 Debt Service	2003 Debt Service	Total	
Revenues				
Local sources				
Property tax levy	\$ 596,203	\$ 1,296,940	\$ 1,893,143	\$ 617,591
Interest revenue	3,692	4,266	7,958	5,784
Total revenues	599,895	1,301,206	1,901,101	623,375
Other Financing Sources				
Transfers in	-	15,431	15,431	489,647
Loan Proceeds	-	275,000	275,000	-
Total other financing sources	-	290,431	290,431	489,647
Total revenues and other financing sources	599,895	1,591,637	2,191,532	1,113,022
Expenditures				
Redemption of bonds	420,000	545,000	965,000	390,000
Interest on debt	221,330	1,043,035	1,264,365	728,722
Other transactions	37	-	37	21
Paying agent fees	-	225	225	387
Total expenditures	641,367	1,588,260	2,229,627	1,119,130
Other Financing Uses				
Transfers out	15,431	-	15,431	-
Total expenditures and other financing uses	656,798	1,588,260	2,245,058	1,119,130
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(56,903)	3,377	(53,526)	(6,108)
Fund Balance - July 1	101,969	2,261	104,230	110,338
Fund Balance - June 30	\$ 45,066	\$ 5,638	\$ 50,704	\$ 104,230

**Alma Public Schools
Capital Projects Funds
Balance Sheet
June 30, 2005 and 2004**

	<u>June 30, 2005</u>	
	<u>2003 Bond Capital Projects</u>	<u>2004</u>
Assets		
Investments	\$ 17,204,117	\$ 22,529,768
Due from other funds	<u>1,874</u>	<u>594,314</u>
Total Assets	<u>\$ 17,205,991</u>	<u>\$ 23,124,082</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	<u>\$ -</u>	<u>\$ 1,327,009</u>
Fund Balance - Reserved for Capital Outlay	<u>17,205,991</u>	<u>21,797,073</u>
Total Liabilities and Fund Balance	<u>\$ 17,205,991</u>	<u>\$ 23,124,082</u>

**Alma Public Schools
Capital Projects Funds
Statement of Revenues, Expenditures
and Changes in Fund Balance
Year Ended June 30, 2005
(With Comparative Totals for 2004)**

	June 30, 2005			Total June 30, 2004
	Grant Capital Projects	2003 Bond Capital Projects	Total	
Revenues				
Local sources	\$ -	\$ 706,559	\$ 706,559	\$ 274,774
State sources	-	-	-	-
Total revenues	-	706,559	706,559	274,774
Expenditures				
Bond discount	-	-	-	181,350
Capital outlay	459,464	3,659,380	4,118,844	1,545,089
Contracted services	58,595	868,476	927,071	766,224
Other expenditures	-	-	-	2,653
Total expenditures	518,059	4,527,856	5,045,915	2,495,316
Deficiency of revenues over expenditures	(518,059)	(3,821,297)	(4,339,356)	(2,220,542)
Other Financing Sources (uses)				
Holding loss on investments	-	(278,893)	(278,893)	(282,257)
Bond proceeds	-	-	-	24,180,000
Transfer in	27,167	-	27,167	119,872
Total other financing sources	27,167	(278,893)	(251,726)	24,017,615
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(490,892)	(4,100,190)	(4,591,082)	21,797,073
Fund Balance - July 1	490,892	21,306,181	21,797,073	-
Fund Balance - June 30	\$ -	\$ 17,205,991	\$ 17,205,991	\$ 21,797,073

Alma Public Schools
Trust and Agency Funds
June 30, 2005
(With Comparative Totals for 2004)

	Private Purpose Trust Funds	Agency Funds	Totals	
	Memorial Funds	Activity Funds	June 30, 2005	2004
Assets				
Cash	\$ 9,225	\$ 193,587	\$ 202,812	\$ 182,432
Liabilities and Fund Balance				
Liabilities				
Due to student groups	\$ -	\$ 187,557	\$ 187,557	\$ 173,310
Due to other funds	-	6,030	6,030	1,929
Total liabilities	-	193,587	193,587	175,239
Fund Balance - Reserved for Memorial Funds and scholarship funds	9,225	-	9,225	7,193
Total Liabilities And Fund Balance	\$ 9,225	\$ 193,587	\$ 202,812	\$ 182,432

**Alma Public Schools
Private Purpose Trust Funds
Combining Statement of Revenues, Expenses
and Changes in Fund Balance
Year Ended June 30, 2005**

	<u>Totals</u>	
	June 30,	
	<u>2005</u>	<u>2004</u>
Revenues		
Interest on investments	\$ 19	\$ 22
Memorial donations	<u>3,013</u>	<u>-</u>
Total revenue	3,032	22
Expenditures		
Awards	<u>1,000</u>	<u>1,000</u>
Excess (deficiency) of revenues over expenditures	2,032	(978)
Fund balance - July 1	<u>7,193</u>	<u>8,171</u>
Fund Balance - June 30	<u><u>\$ 9,225</u></u>	<u><u>\$ 7,193</u></u>

Alma Public Schools
Agency Funds
Changes in Amounts Due to Student Groups
Year Ended June 30, 2005

	Due to Student Groups July 1, 2004	Cash Receipts	Cash Disbursements	Due to Student Groups June 30, 2005
Activity Funds				
High School accounts				
Advanced Placement Test	\$ 1,768	\$ 2,366	\$ 2,146	\$ 1,988
All Student Fund	499	6	348	157
Alma Soccer Club	1	-	1	-
Annual Yearbook	12,155	48,866	49,946	11,075
Art	250	-	-	250
At-risk	12	-	-	12
Band	45	44	18	71
Baseball	-	475	-	475
Boys Bowling	-	998	917	81
Boys Basketball	601	500	130	971
Business Professionals	10	2,188	1,419	779
Cheerleading	1,839	1,664	3,303	200
Class of 2002	614	-	-	614
Class of 2003	372	-	-	372
Class of 2004	36	-	-	36
Class of 2005	4,765	4,075	8,270	570
Class of 2006	1,295	15,738	12,092	4,941
Class of 2007	2,340	1,890	310	3,920
Class of 2008	-	3,579	2,147	1,432
Class of 2006 senior all night party	1,375	-	-	1,375
Close-up Activity	327	1,603	1,113	817
Community Center Snack Shop	198	-	42	156
Community Paw Print Shop	1,393	13,334	11,758	2,969
Consumer Science	31	-	-	31
Creative Writing Workshop	210	640	340	510
Cross Country	586	1,094	1,072	608
Cultural	62	-	-	62
Debate/Forensics	33	-	-	33
Drama Club	43	1,294	780	557
Electricity/Small Engines	300	-	-	300
Energy Conservation	2,688	-	-	2,688
Equestrian Club	79	-	-	79
FFA	3,719	25,462	23,698	5,483
FFA - Greenhouse	6,669	16,669	16,479	6,859
FFA - Land Lab	2,246	23,801	26,047	-
FFA/WCP	28	30,695	30,537	186
FHA/FCCLA	245	4,082	3,878	449
Football	-	580	554	26
France Trip	1	-	1	-
French Club	5,015	16,782	18,750	3,047
General Office	3,250	620	3,870	-
German Trip	-	1,591	1,591	-

Alma Public Schools
Agency Funds
Changes in Amounts Due to Student Groups
Year Ended June 30, 2005

	Due to Student Groups July 1, 2004	Cash Receipts	Cash Disbursements	Due to Student Groups June 30, 2005
Golf - High School	\$ 20	\$ -	\$ -	\$ 20
Gratiot Area Hockey	136	-	-	136
Guidance	-	651	651	-
H.O.S.A.	1,069	7,113	5,294	2,888
High School IMC	1,156	1,071	1,793	434
Hope club	-	-	-	-
Humanities	359	1,444	1,797	6
Journalism	580	-	-	580
Kids football	35	-	-	35
League of Quality Distributors	1,594	-	1,594	-
Lift-a-thon	61	-	25	36
National Honor Society	602	3,989	4,112	479
National Vocational Tech	78	965	517	526
Parks for Us	1,388	60	-	1,448
Pep Club	24	-	-	24
Pom Pon Girls	381	1,629	1,483	527
Pride	22	-	-	22
S.A.A.D.	1,460	163	518	1,105
Snack shack	86	-	-	86
Soccer	10	-	-	10
Spanish Club	20	6,599	2,772	3,847
Stratford Trip	313	2,515	2,737	91
Student Challenge	886	-	-	886
Student Council	1,052	7,686	5,249	3,489
Student Council - Mid Michigan Conf.	3	-	-	3
Team Activities	105	-	-	105
Track	-	65	-	65
U.S. History	179	3,492	3,551	120
Vocal Music	2,988	3,450	5,363	1,075
Vocational Lab Fees	2	-	2	-
Volleyball	269	-	-	269
Welding	366	6,674	6,573	467
Wood Shop	578	-	-	578
Youth Fund Raising	4,675	-	-	4,675
Total High School accounts	75,597	268,202	265,588	78,211

Alma Public Schools
Agency Funds
Changes in Amounts Due to Student Groups
Year Ended June 30, 2005

	Due to Student Groups July 1, 2004	Cash Receipts	Cash Disbursements	Due to Student Groups June 30, 2005
Intermediate School Accounts				
A.M.S. Computer	\$ 39	\$ -	\$ -	\$ 39
Band	75	70	24	121
Cross Country	660	718	806	572
Drama	593	-	-	593
Hope Club	184	-	-	184
IMC	480	4,480	4,432	528
Luce Road Activity	-	2,584	2,049	535
Luce Teacher Pop	60	-	60	-
Magazine - 5th grade	1,446	-	936	510
Magazine - 6th grade	-	19,027	6,000	13,027
Magazine - 7th grade	2,352	5,913	6,085	2,180
Magazine - 8th grade	31	4,127	3,300	858
Middle School - General	1,473	432	498	1,407
Paw print	1,803	6,449	6,209	2,043
Sales and Development	7	-	7	-
Student council	42	5,748	5,670	120
Student Store	118	4,962	4,528	552
Technology Club	739	590	519	810
Technology Club - Hillcrest	377	-	267	110
Technology Club - Pine Avenue	192	-	192	-
Wildcats	7,827	37,794	37,253	8,368
Total Intermediate School accounts	18,498	92,894	78,835	32,557
General Office	3,994	550	419	4,125
Other groups	75,221	219,159	221,716	72,664
Total Agency Fund	\$ 173,310	\$ 580,805	\$ 566,558	\$ 187,557

Alma Public Schools
Schedule of Bonded Indebtedness
June 30, 2005

DATE OF ISSUE - 2000

ORIGINAL AMOUNT OF ISSUE - \$ 5,805,000

PURPOSE OF ISSUE - For the purpose of refunding the portion of the School District's outstanding 1991 School Building and Site Bonds, dated June 25, 1991, which are due and payable on May 1, 2006 through May 1, 2012 and to pay the costs of issuing the bonds.

Interest Rate	Fiscal Year	Annual Maturity May 1st	Semi-Annual Interest Payments		Total Fiscal Year Requirements
			November 1st	May 1st	
4.650%	2005-06	\$ 460,000	\$ 101,005	\$ 101,005	\$ 662,010
4.700%	2006-07	500,000	90,310	90,310	680,620
4.750%	2007-08	550,000	78,560	78,560	707,120
4.750%	2008-09	600,000	65,497	65,498	730,995
4.800%	2009-10	650,000	51,248	51,247	752,495
4.900%	2010-11	705,000	35,647	35,648	776,295
5.000%	2011-12	735,000	18,375	18,375	771,750
		<u>\$ 4,200,000</u>	<u>\$ 440,642</u>	<u>\$ 440,643</u>	<u>\$ 5,081,285</u>

Alma Public Schools
Schedule of Bonded Indebtedness
June 30, 2005

DATE OF ISSUE -2000

ORIGINAL AMOUNT OF ISSUE - \$ 1,200,000

PURPOSE OF ISSUE - For purpose of paying costs of providing energy conservation improvements to school facilities.

Interest Rate	Fiscal Year	Annual Maturity May 1st	Semi-Annual Interest Payments		Total Fiscal Year Requirements
			November 1st	May 1st	
5.100%	2005-06	\$ 70,000	\$ 25,239	\$ 25,238	\$ 120,477
5.150%	2006-07	75,000	23,453	23,454	121,907
5.200%	2007-08	80,000	21,523	21,522	123,045
5.300%	2008-09	85,000	19,442	19,443	123,885
5.350%	2009-10	90,000	17,190	17,190	124,380
5.400%	2010-11	95,000	14,783	14,782	124,565
5.500%	2011-12	100,000	12,217	12,218	124,435
5.600%	2012-13	105,000	9,468	9,467	123,935
5.650%	2013-14	110,000	6,527	6,528	123,055
5.700%	2014-15	120,000	3,420	3,420	126,840
		<u>\$ 930,000</u>	<u>\$ 153,262</u>	<u>\$ 153,262</u>	<u>\$ 1,236,524</u>

Alma Public Schools
Schedule of Bonded Indebtedness
June 30, 2005

DATE OF ISSUE - 1998

ORIGINAL AMOUNT OF ISSUE - \$ 347,193

PURPOSE OF ISSUE - Settlement for Durant

<u>Interest Rate</u>	<u>Fiscal Year</u>	<u>Annual Maturity May 15th</u>	<u>Annual Interest Payments May 15th</u>	<u>Total Fiscal Year Requirements</u>
4.760%	2005-06	\$ 16,805	\$ 7,576	\$ 24,381
4.760%	2006-07	17,602	6,775	24,377
4.760%	2007-08	81,149	33,906	115,055
4.760%	2008-09	19,322	5,059	24,381
4.760%	2009-10	20,241	4,139	24,380
4.760%	2010-11	21,206	3,175	24,381
4.760%	2011-12	22,214	2,166	24,380
4.760%	2012-13	23,271	1,108	24,379
		<u>\$ 221,810</u>	<u>\$ 63,904</u>	<u>\$ 285,714</u>

Alma Public Schools
Schedule of Bonded Indebtedness
June 30, 2005

DATE OF ISSUE - 2003

ORIGINAL AMOUNT OF ISSUE - \$ 24,180,000

PURPOSE OF ISSUE - General obligation building and site bonds.

Interest Rate	Fiscal Year	Annual Maturity May 1st	Semi-Annual Interest Payments		Total Fiscal Year Requirements
			November 1st	May 1st	
3.200%	2005-06	\$ 560,000	\$ 512,798	\$ 512,798	\$ 1,585,596
3.200%	2006-07	570,000	503,838	503,838	1,577,676
3.200%	2007-08	570,000	494,718	494,718	1,559,436
3.200%	2008-09	575,000	485,598	485,598	1,546,196
3.300%	2009-10	580,000	476,398	476,398	1,532,796
3.350%	2010-11	585,000	466,828	466,828	1,518,656
3.600%	2011-12	620,000	457,029	457,029	1,534,058
3.750%	2012-13	925,000	445,869	445,869	1,816,738
3.850%	2013-14	925,000	428,525	428,525	1,782,050
4.000%	2014-15	925,000	410,719	410,719	1,746,438
4.100%	2015-16	925,000	392,219	392,219	1,709,438
4.200%	2016-17	925,000	373,256	373,256	1,671,512
4.300%	2017-18	925,000	353,831	353,831	1,632,662
4.400%	2018-19	925,000	333,944	333,944	1,592,888
4.500%	2019-20	925,000	313,594	313,594	1,552,188
4.550%	2020-21	925,000	292,781	292,781	1,510,562
4.600%	2021-22	925,000	271,738	271,738	1,468,476
4.600%	2022-23	925,000	250,463	250,463	1,425,926
4.750%	2023-24	925,000	229,188	229,188	1,383,376
4.750%	2024-25	925,000	207,219	207,219	1,339,438
4.750%	2025-26	925,000	185,250	185,250	1,295,500
4.750%	2026-27	925,000	163,281	163,281	1,251,562
4.750%	2027-28	950,000	141,313	141,313	1,232,626
5.000%	2028-29	950,000	118,750	118,750	1,187,500
5.000%	2029-30	950,000	95,000	95,000	1,140,000
5.000%	2030-31	950,000	71,250	71,250	1,092,500
5.000%	2031-32	950,000	47,500	47,500	1,045,000
5.000%	2032-33	950,000	23,750	23,750	997,500
		<u>\$ 23,635,000</u>	<u>\$ 8,546,647</u>	<u>\$ 8,546,647</u>	<u>\$ 40,728,294</u>



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Members of the Board of Education
Alma Public Schools
Alma, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information for Alma Public Schools as of and for the year ended June 30, 2005, which collectively comprise the Alma Public Schools' basic financial statements and have issued our report thereon dated August 15, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Alma Public Schools' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alma Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Education, management and related regulatory agencies and is not intended for and should not be used by anyone other than those specified parties.

Yeo & Yeo, P.C.

Alma, Michigan
August 15, 2005

Alma Public Schools

Alma, Michigan

Single Audit Report

June 30, 2005

CONTENTS

	<u>Page</u>
SINGLE AUDIT REPORT	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	1 - 2
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	3 - 4
Schedule of Expenditures of Federal Awards	5 - 6
Notes to the Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs	8 - 9
Summary Schedule of Prior Audit Findings	10



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**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance With *Government Auditing Standards***

Members of the Board of Education
Alma Public Schools
Alma, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alma Public Schools as of and for the year ended June 30, 2005, which collectively comprise the Alma Public Schools' basic financial statements and have issued our report thereon dated August 15, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Alma Public Schools' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Alma Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Education, management and related regulatory agencies and is not intended for and should not be used by anyone other than these specified parties.

Yeo & Yeo, P.C.

Alma, Michigan
August 15, 2005

**Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over
Compliance in Accordance with OMB Circular A-133**

Members of the Board of Education
Alma Public Schools
Alma, Michigan

Compliance

We have audited the compliance of the Alma Public Schools with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2005. The Alma Public School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Alma Public Schools' management. Our responsibility is to express an opinion on the Alma Public Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Alma Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Alma Public Schools' compliance with those requirements.

In our opinion, the Alma Public Schools complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2005.

Internal Control over Compliance

The management of Alma Public Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Alma Public Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alma Public Schools as of and for the year ended June 30, 2005, and have issued our report thereon dated August 15, 2005. Our audit was performed for the purpose of forming an opinion on the basic financial statements that collectively comprise Alma Public Schools basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Education, management and others within the District, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yeo & Yeo, P.C.

Alma, Michigan
August 15, 2005

Alma Public Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2005

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Approved Award Amount	Accrued (Deferred) Revenue July 1, 2004	Prior Year Expenditures	Current Year Receipts	Current Year Expenditures	Accrued (Deferred) Revenue June 30, 2005
U.S. Department of Agriculture								
Passed through Michigan Department of Education								
Entitlement Commodities	10.550		\$ 20,698	\$ -	\$ -	\$ 20,698	\$ 20,698	\$ -
Bonus Commodities	10.550		3,272	-	-	3,272	3,272	-
Subtotal - USDA Donated Commodities			23,970	-	-	23,970	23,970	-
Child Nutrition Cluster								
National School Lunch - Breakfast	10.553	041970	61,438	-	53,786	7,652	7,652	-
National School Lunch - Breakfast	10.553	051970	63,966	-	-	63,967	63,967	-
			125,404	-	53,786	71,619	71,619	-
National School Lunch Sec. 4 - All Lunches	10.555	041950	38,234	-	33,645	4,589	4,589	-
National School Lunch Sec. 4 - All Lunches	10.555	051950	36,237	-	-	36,237	36,237	-
National School Lunch Sec. 11 - Free & Reduced	10.555	041960	229,941	-	200,958	28,983	28,983	-
National School Lunch Sec. 11 - Free & Reduced	10.555	051960	201,312	-	-	201,312	201,312	-
Total - Child Nutrition Cluster			631,128	-	288,389	342,740	342,740	-
Child Care Food Program - Cash in Lieu of Commodities	10.558	041920	6,521	-	4,095	2,426	2,426	-
Child Care Food Program - Cash in Lieu of Commodities	10.558	051920	4,516	-	-	4,516	4,516	-
Child Care Food Program - Cash in Lieu of Commodities	10.558	042010	428	-	274	154	154	-
Child Care Food Program - Cash in Lieu of Commodities	10.558	052010	788	-	-	318	788	470
			12,253	-	4,369	7,414	7,884	470
Total U.S. Department of Agriculture			667,351	-	292,758	374,124	374,594	470
U.S. Department of Education								
Passed through Michigan Department of Education								
Adult Basic Education	84.002	041130411024	11,550	1,732	11,550	1,732	-	-
Adult Basic Education	84.002	051130511025	11,000	-	-	10,000	11,000	1,000
			22,550	1,732	11,550	11,732	11,000	1,000
Title I - Part A Carryover	84.010	0315300304	188,382	29,204	188,382	29,204	-	-
Title I - Part A	84.010	0415300304	501,067	80,821	501,067	80,821	-	-
Title I - Part A Carryover	84.010	0415300405	2,641	-	-	2,641	2,641	-
Title I - Part A	84.010	0515300405	501,067	-	-	424,082	501,067	76,985
			1,193,157	110,025	689,449	536,748	503,708	76,985
Passed Through the Intermediate School District								
Drug Free Schools and Communities	84.186		7,936	(643)	2,894	-	643	-
Drug Free Schools and Communities	84.186		7,301	(7,301)	-	-	3,636	(3,665)
Drug Free Schools and Communities	84.186		3,783	-	-	3,783	-	(3,783)
			19,020	(7,944)	2,894	3,783	4,279	(7,448)
Elementary School Counseling	84.215	Q215E030180-05	160,820	-	-	39,289	68,011	28,722
Elementary School Counseling	84.215	Q215E030180-04	177,514	36,469	84,543	129,440	92,971	-
			338,334	36,469	84,543	168,729	160,982	28,722

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Alma Public Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2005

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Approved Award Amount	Accrued (Deferred) Revenue July 1, 2004	Prior Year Expenditures	Current Year Receipts	Current Year Expenditures	Accrued (Deferred) Revenue June 30, 2005
U.S. Department of Education (continued)								
After School Learning Centers	84.287	S287B011344-04	\$ 348,765	\$ 52,807	\$ 186,456	\$ 198,238	\$ 154,237	\$ 8,806
Title V	84.298	0302500304	12,630	10,579	11,681	10,579	-	-
Title V	84.298	0402500304	15,342	9,069	15,342	9,069	-	-
Title V	84.298	0502500405	12,258	-	-	2,615	8,877	6,262
			40,230	19,648	27,023	22,263	8,877	6,262
Technology Literacy Challenge - Freedom to learn	84.318	044280-3	10,900	-	-	10,900	10,900	-
Technology Literacy Challenge - Title II Part D	84.318	0442900304	12,184	995	10,355	2,824	1,829	-
Technology Literacy Challenge	84.318	054280-3	168,000	-	-	168,000	168,000	-
Technology Literacy Challenge	84.318	054280-4	7,206	-	-	7,206	7,206	-
Technology Literacy Challenge	84.318	0542900405	12,734	-	-	6,351	8,298	1,947
			211,024	995	10,355	195,281	196,233	1,947
Comprehensive school reform	84.332	0318700304	88,470	731	80,424	731	-	-
Comprehensive school reform	84.332	0418700405	82,159	-	-	77,703	82,159	4,456
			170,629	731	80,424	78,434	82,159	4,456
Improving teacher quality	84.367	0405200304	155,892	40,679	155,892	40,679	-	-
Improving teacher quality	84.367	0505200405	154,074	-	-	104,190	145,142	40,952
			309,966	40,679	155,892	144,869	145,142	40,952
Homeland Security Grant	97.004		5,367	-	-	5,367	5,367	-
Total U.S. Department of Education			2,659,042	255,142	1,248,586	1,365,444	1,271,984	161,682
U.S. Department of Health and Human Services								
Passed Through Intermediate School District								
School health teams	93.938		1,000	-	-	1,000	1,000	-
Administration Outreach	93.576		22,858	-	-	22,858	22,858	-
Medicaid Outreach	93.778		47,817	-	-	47,817	47,817	-
Total U.S. Department of Health and Human Services			71,675	-	-	71,675	71,675	-
Total Federal Awards			\$ 3,398,068	\$ 255,142	\$ 1,541,344	\$ 1,811,243	\$ 1,718,253	\$ 162,152

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Alma Public Schools
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2005

1. The Schedule of Expenditures of Federal Awards was prepared using the accrual basis of accounting.
2. Management has reported the expenditures in the Schedule of Expenditures of Federal Awards equal to those amounts reported in the annual or final cost reports that have been submitted as of June 30, 2005.
3. The Federal amounts reported on the Form R-7120 "Grant Sections Auditor's Report" are in agreement with the Schedule of Expenditures of Federal Awards.
4. The amounts reported on the Recipient Entitlement Balance Report agree with the Schedule of Expenditures of Federal Awards for U.S.D.A. donated food commodities.

Alma Public Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2005

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

• Material weakness(es) identified? ☐ yes ☒ no

• Reportable condition(s) identified that are not considered to be material weaknesses? ☐ yes ☒ no

Noncompliance material to financial statements notes? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

• Material weakness(es) identified? ☐ yes ☒ no

• Reportable condition(s) identified that are not considered to be material weakness(es)? ☐ yes ☒ none

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ☐ yes ☒ no

Alma Public Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2005
(continued)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553 & 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between
type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? ☒ yes ☐ no

Section II - Financial Statement Findings

There were no findings or questioned costs for the year ended June 30, 2005.

Section III - Federal Awards Findings and Questioned Costs

There were no findings or questioned costs for the year ended June 30, 2005.

Alma Public Schools
Summary Schedule of Prior Audit Findings
June 30, 2005

There were no findings or questioned costs for the year ended June 30, 2004.